

DEPARTMENT OF TRANSPORTATION**AUDITS AND INVESTIGATIONS**

1304 O STREET, Suite 200

P. O. BOX 942874

SACRAMENTO, CA 94274-0001

PHONE (916) 323-7111

FAX (916) 323-7123

TTY: (916) 654-4086



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January 21, 2009

Ms. Debra Johnson
Business Services Manager
County of Yolo
Planning and Public Works Department
292 West Beamer Street
Woodland, CA 95695

Dear Ms. Johnson:

Re: County of Yolo, Planning and Public Works Department, Road Division
Review of Indirect Cost Rate Proposals for FY 2004/2005, FY 2005/2006, and
FY 2006/2007
File No: P1190-0651

We have audited the County of Yolo (County), Planning and Public Works Department, Road Division's (Road Division's) Indirect Cost Rate Proposals (ICRPs) for the fiscal years ended June 30, 2005, June 30, 2006, and June 30, 2007 to determine whether the ICRPs are presented in accordance with Title 2, Code of Federal Regulations (CFR), Part 225 and the Department of Transportation's (Department's) Local Programs Procedures (LPP) 04-10. The Road Division's management is responsible for the fair presentation of the ICRPs. The Road Division proposed indirect cost rates of 140.56% for fiscal year (FY) 2004/2005, 134.65% for FY 2005/2006, and 64.15% for FY 2006/2007 of total direct salaries and wages plus fringe benefits.

Our audit was conducted in accordance with the Standards for Performance Audits set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States of America. The audit was less in scope than an audit performed for the purpose of expressing an opinion on the financial statements of the Road Division. Therefore, we did not audit and are not expressing an opinion on the Road Division's financial statements.

The standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records reviewed are free of material misstatement, as well as material noncompliance with fiscal provisions relative to the ICRPs. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the data and records reviewed. An audit also includes assessing the accounting principles used and significant estimates made by the Road Division, as well as evaluating the overall presentation.

The accompanying ICRPs were prepared on a basis of accounting practices prescribed in the Title 2 CFR, Part 225 and the Department's LPP 04-10, and is not intended to present the results of operations of the Road Division in conformity with generally accepted accounting principles.

The scope of the audit was limited to select financial and compliance activities. The audit consisted of a recalculation of the ICRPs, comparisons of the ICRPs, review of the County's Single Audit Reports and Management Letters for fiscal years end June 30, 2005, June 30, 2006, and June 30, 2007, and inquiries of the Road Division personnel. The audit also included tests of individual accounts to the general ledger and supporting documentation to assess allowability, allocability and reasonableness of costs based on a risk assessment and an assessment of the internal control system as related to the ICRPs. Financial management system changes subsequent to October 2, 2008 were not tested and, accordingly, our conclusion does not pertain to changes arising after this date. We believe that our audit provides a reasonable basis for our conclusion on the indirect cost rate proposals.

Because of inherent limitations in any financial management system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the financial management system to future periods are subject to the risk that the financial management system may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

AUDIT RESULTS

Based on audit work performed, the Road Division's ICRPs for the fiscal years ended June 30, 2005, June 30, 2006, and June 30, 2007 are presented in accordance with Title 2 CFR, Part 225 and LPP 04-10. The approved indirect cost rates are 140.56% for FY 2004/2005, 134.65% for FY 2005/2006, and 64.15% for FY 2006/2007 of total direct salaries and wages, plus fringe benefits. The approval rates are based on the understanding that no adjustment will be made to previously approved rates. The carry-forward provision does not apply as the approved rates are based on actual costs.

In addition, the Road Division's accounting system appears capable of accumulating and segregating reasonable, allocable, and allowable project costs except for findings noted below. We communicated our findings to you and Keith Lane, Senior Accountant, on December 18, 2008, and you responded that further comment is not necessary.

Finding 1:

The Road Division's initial ICRPs included direct costs in the indirect cost pools for the Professional & Specialized Service account. Title 2 CFR, Part 225 requires that costs be accorded consistent treatment and defined direct costs as costs that are identifiable with a final cost objective (i.e. a project). The Road Division did not set up the correct work order numbers for the local projects tested. As such, costs that were direct in nature were charged to the indirect work order numbers. Subsequently, the Road Division removed the account from the indirect cost pools and resubmitted the ICRPs.

Recommendation:

The Road Division should establish procedures to ensure the proper segregation of direct and indirect costs and ensure that only indirect costs are included in the indirect cost pools for future ICRPs.

Finding 2:

During our testing, we noted two of the 16 labor cost items tested were not supported by timesheets due to inputting errors. Project labor hours are input manually to the Road Division's cost accounting system and the system generates an edit report for review. However, these errors were not detected. The Road Division is currently considering an electronic timekeeping system.

Recommendation:

The Road Division should establish procedures to further ensure the correct coding, recording of project hours and adequate source documents and supports are maintained.

This report is intended solely for the information of the Road Division's Management, the County's Management, Department Management, the Federal Highway Administration (FHWA) and the California Transportation Commission. However, this report is a matter of public record and its distribution is not limited.

Please retain the approved Indirect Cost Rate Proposals for your files. Copies were sent to the Department's District 3 the Department's Division of Accounting and FHWA. If you have any questions, please contact Mary Lam at (916) 323-7966 or Zilan Chen at (916) 323-7877.


MARYANN CAMPBELL-SMITH
Chief, External Audits

Attachments

- c: Sue Kieser, Federal Highway Administration
Brenda Bryant, Federal Highway Administration
Gary Buckhammer, Division of Accounting
Ben Bramer, District 3
Dan Mundy, Division of Mass Transportation

**Roads Division
Indirect Cost Plan**

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Department), subject to the conditions in Section II. This plan was prepared by the City and approved by the Department.

SECTION 1: Rates

<u>Rate Type</u>	<u>Effective Period</u>	<u>Rate*</u>	<u>Applicable To</u>
Final	7/01/04-6/30/05	140.56 %	All Programs

* Base: Total Direct Salaries and Wages plus fringe benefits

SECTION II: General Provisions

A. Limitations:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government or the Department; (5) Prior actual costs used in the calculation of the approved rate are contained in the grantee's Single Audit, which was prepared in accordance with OMB Circular A-133. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) This rate is based on the actual costs incurred during the period.

B. Accounting Changes:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs, which affect the amount of reimbursement resulting from the use of this Agreement, require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. Final Rate:

The final rate used in this Agreement is based on the actual costs for the period covered by the rate. However, a carryforward amount is included from FY02-03.

D. Audit Adjustments:

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plan approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the grantee.

E. Use by Other Federal Agencies:

Authority to approve this agreement by the Department has been delegated by the Federal Highway Administration, California Division. The purpose of this approval is to permit subject local government to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT). This approval does not apply to any grants, contracts, projects, or programs for which DOT is not the cognizant Federal agency.

The approval will also be used by the Department in State-only funded projects.

F. Other:

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

G. Rate of Calculation:

FY 2004-05 Actual Indirect Costs	\$ 1,713,410
Carry Forward from FY 2002-03	<u>693,342</u>
Actual FY 2004-05 Indirect Costs	\$ 2,406,752
FY 2004-05 Actual Direct Salaries and Wages plus Fringe Benefits	\$1,712,279
FY 2004-05 Indirect Cost Rate	140.56 %

CERTIFICATION OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

- (1) All costs included in this proposal to establish billing or final indirect costs rates for fiscal year 2004-05 (July 1, 2004 to June 30, 2005) are allowable in accordance with the requirements of the Federal and State award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- (2) All costs included in this proposal are properly allocable to Federal and State awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government and the Department will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: YOLO COUNTY ROADS

Signature: 

Signature: 

Reviewed, Approved and Submitted by:

Prepared by:

Name of Official: DEBRA JOHNSON

Name of Official: KEITH LANE

Title: BUSINESS SERVICE OFFICER

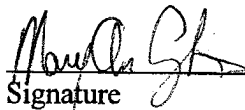
Title: SENIOR ACCOUNTANT

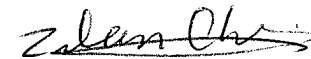
Date of Execution: 1/14/09

Telephone No.: 530-666-8444

INDIRECT COST RATE APPROVAL

The Department has reviewed this indirect cost plan and hereby approves the plan.


Signature


Signature

Reviewed and Approved by:

Reviewed and Approved by:

Mary Ann Campbell-Smith
Name of Audit Manager

Zolan Chen
Name of Auditor

Title: Chief, External Audits

Title: Senior Management Auditor

Date: 1/20/09

Date: 01/14/2009

Phone Number: (916) 323-7105

Phone Number: (916) 323-7877

04-05 ICRP

FYE05 Total Indirect Cost	\$ 1,713,410		
Carry forward from Prior 2 yrs (FYE03)	693,342 *		
Adjusted FYE05 Indirect Cost	<u>\$ 2,406,752</u>		
FYE05 Direct Salaries + Benefits	\$ 1,712,279		
FYE05 ICRP	<u>\$ 2,406,752</u>	=	140.56%
	\$ 1,712,279		

Carry Forward Calculation for Prior Year

Carry forward from prior 2 yrs (FYE01)	\$ -
Total Indirect Cost (FYE03)	1,902,339
Adjusted FYE03 Indirect Cost	<u>\$ 1,902,339</u>

Recovered Indirect Cost

FYE03 Direct Salaries + Benefits	\$ 1,815,856
Approved FY03 ICRP	66.58%
Recovered Indirect Cost	<u>\$ 1,208,997</u>

Carry forward FYE03 \$ 693,342 *

COUNTY OF YOLO PLANNING AND PUBLIC WORKS
Road Division
For Year Ending June 30, 2005 Actual Costs

	Direct Costs	Indirect Costs	Unallowed Costs	Total Costs
Salaries & Benefits	<u>\$1,712,279</u>	<u>\$1,180,057</u>		<u>\$2,892,336</u>
Total Salaries and Benefits	\$1,712,279	1,180,057		\$2,892,336
DIRECT COSTS	\$ 2,266,192			\$ 2,266,192
INDIRECT COSTS				
Clothing		4,085	3,750	7,835
Communications		24,289		24,289
Food		0	0	0
Household Expense		18,217	8,358	26,575
Ins.-Public Liab.		104,226		104,226
Main.-Equip		6,110	525	6,635
Maint.-Buildings & Imprv.		3,186	169,689	172,875
Medical, Dental & Lab Supplies		267		267
Memberships		2,642		2,642
Misc. Exp		116		116
Misc Exp-Credit Card Svc Chg		1,875		1,875
Office Expense		16,724	1,182	17,906
Office Expense-Postage		0		0
County Overhead A-87		130,058		130,058
Auditing & Fiscal Services		35,164		35,164
Data Processing Services		42,832		42,832
Legal Services		17,080		17,080
Arch, Engineering & Planning Svcs		1,841	0	208,605
Road Maint. & Const. Services		0		215,404
Professional & Specialized Srv		0	3,236	55,728
Publications & Legal Notices		388		388
Rents & Leases- Equip.		4,516	190	4,706
Computer Leases		0		0
Small Tools & Minor Equip.		19,074	5	19,079
Training Expense		2,170		2,170
Books & Periodicals		0		0
Road Maint. & Const. Supplies		64,528	0	381,724
Special Dept. Exp-Other		1,892		1,917
Spec Dept Exp-Mgmt Package		0		0
Transportation & Travel		445	0	4,360
Trans/Travel-Conf		0		0
Vehicle Fuel Expense		3,908		479,978
Utilities		27,421	5,148	32,569
Capital Lease Payments		0	15,984	15,984
Interest Expense-Long Term Debt		0	1,807	1,807
Taxes & Assessments		298	0	298
Equipment		0	73,667	73,667
Roads & Improvements		0	0	173,474
Bridges & Improvements		0	0	432,543
Sidewalk, Curb & Gutter		0	0	388,310
Subtotal	\$ 2,266,192	<u>533,353</u>	<u>283,541</u>	<u>\$ 3,083,086</u>
TOTAL BUDGET		1,713,410		<u>\$ 5,975,422</u>

TOTAL INDIRECT COSTS **1,713,410**

Indirect Cost Ratio =
$$\frac{\text{Actual Indirect Costs}}{\text{Actual Direct Labor Costs}}$$

2004-05 Indirect Cost Ratio (Actual)

\$ 1,713,410/ \$ 1,712,279 = **100.07%**

COUNTY OF YOLO PLANNING AND PUBLIC WORKS
Road Division
For Year Ending June 30, 2003 Actual Costs

	Direct Costs	Indirect Costs	Unallowed Costs	Total Costs
Salaries & Benefits	<u>\$1,815,860</u>	<u>\$1,120,947</u>		<u>\$2,936,807</u>
Total Salaries and Benefits	\$1,815,860	1,120,947		\$2,936,807
DIRECT COSTS	\$5,274,492			\$ 5,274,492
<u>INDIRECT COSTS</u>				
Clothing		1,977	4,350	6,327
Communications		25,758		25,758
Food		0	310	310
Household Expense		29,306		29,306
Ins.-Public Liab.		54,456		54,456
Main.-Equip		10,170		10,170
Maint.-Buildings & Imprv.		1,370	82,119	83,489
Medical, Dental & Lab Supplies		525		525
Memberships		2,906		2,906
Misc. Exp		0		0
Misc Exp-Credit Card Svc Chg		0		0
Office Expense		20,528	805	21,333
Office Expense-Postage		0		0
County Overhead A-87		372,417		372,417
Auditing & Fiscal Services		34,854		34,854
Data Processing Services		41,932		41,932
Legal Services		8,360	548	8,908
Arch, Engineering & Planning Svcs		38,992	58,402	97,394
Road Maint. & Const. Services		0	0	185,323
Professional & Specialized Srv		0	13,709	83,292
Publications & Legal Notices		145	32	176
Rents & Leases- Equip.		10,035	72,757	82,791
Computer Leases		0		0
Small Tools & Minor Equip.		14,332	143	14,475
Training Expense		6,788		6,788
Books & Periodicals		0		0
Road Maint. & Const. Supplies		51,771	-	717,136
Special Dept. Exp-Other		6,973	514	7,487
Spec Dept Exp-Mgmt Package		0		0
Transportation & Travel		1,620	3,915	5,535
Trans/Travel-Conf		0		0
Vehicle Fuel Expense		11,108		392,996
Utilities		34,729	6,617	41,346
Capital Lease Payments		0	34,399	34,399
Interest Exp on Long Term Debt		0	3,805	3,805
Taxes & Assessments		338	0	338
Equipment		0	152,797	152,797
Roads & Improvements		0	0	1,686,526
Bridges & Improvements		0	1,782	2,287,589
 Subtotal	 \$ 5,274,492	 <u>781,389</u>	 <u>437,003</u>	 <u>\$ 6,492,884</u>
TOTAL BUDGET		1,902,335		<u><u>\$ 9,429,690</u></u>
TOTAL INDIRECT COSTS		<u><u>1,902,335</u></u>		

**Roads Division
Indirect Cost Plan**

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Department), subject to the conditions in Section II. This plan was prepared by the City and approved by the Department.

SECTION 1: Rates

<u>Rate Type</u>	<u>Effective Period</u>	<u>Rate*</u>	<u>Applicable To</u>
Final	7/01/05-6/30/06	134.65 %	All Programs

* Base: Total Direct Salaries and Wages plus fringe benefits

SECTION II: General Provisions

A. Limitations:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government or the Department; (5) Prior actual costs used in the calculation of the approved rate are contained in the grantee's Single Audit, which was prepared in accordance with OMB Circular A-133. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) This rate is based on the budgeted costs incurred during the period.

B. Accounting Changes:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs, which affect the amount of reimbursement resulting from the use of this Agreement, require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. Final Rate:

The final rate used in this Agreement is based on the actual costs for the period covered by the rate. However, there is a carry forward amount included from 03-04.

D. Audit Adjustments:

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plan approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the grantee.

E. Use by Other Federal Agencies:

Authority to approve this agreement by the Department has been delegated by the Federal Highway Administration, California Division. The purpose of this approval is to permit subject local government to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT). This approval does not apply to any grants, contracts, projects, or programs for which DOT is not the cognizant Federal agency.

The approval will also be used by the Department in State-only funded projects.

F. Other:

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

G. Rate of Calculation:

FY 2005-06 Actual Indirect Costs	\$ 1,682,815
Carry Forward from FY 2003-04	<u>860,998</u>
Actual FY 2005-06 Indirect Costs	\$ 2,543,813
FY 2005-06 Actual Direct Salaries and Wages plus Fringe Benefits	\$ 1,889,143
FY 2005-06 Indirect Cost Rate	134.65 %

CERTIFICATION OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

- (1) All costs included in this proposal to establish billing or final indirect costs rates for fiscal year 2005-06 (July 1, 2005 to June 30, 2006) are allowable in accordance with the requirements of the Federal and State award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- (2) All costs included in this proposal are properly allocable to Federal and State awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government and the Department will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: YOLO COUNTY ROADS

Signature: Debra Johnson

Signature: Keith Lane

Reviewed, Approved and Submitted by:

Prepared by:

Name of Official: DEBRA JOHNSON

Name of Official: KEITH LANE

Title: BUSINESS SERVICE OFFICER

Title: SENIOR ACCOUNTANT

Date of Execution: 1/14/09

Telephone No.: 530-666-8444

INDIRECT COST RATE APPROVAL

The Department has reviewed this indirect cost plan and hereby approves the plan.

MaryAnn Campbell
Signature

Zilan Chen
Signature

Reviewed and Approved by:

Reviewed and Approved by:

MaryAnn Campbell - Smith
Name of Audit Manager

Zilan Chen
Name of Auditor

Title: Chief, External Audits

Title: Senior Management Audits

Date: 1/20/09

Date: 01/14/2009

Phone Number: (916) 323-7105

Phone Number: (916) 323-7877

05-06 ICRP

FYE06 Total Indirect Cost	\$ 1,682,815		
Carry forward from Prior 2 yrs (FYE04)	<u>860,998</u>	*	
Adjusted FYE06 Indirect Cost	\$ 2,543,813		
 FYE06 Direct Salaries + Benefits	 \$ 1,889,143		
 FYE06 ICRP	 <u>\$ 2,543,813</u>	 =	 134.65%
	 \$ 1,889,143		

Carry Forward Calculation for Prior Year

Carry forward from prior 2 yrs (FYE02)	\$ -
Total Indirect Cost (FYE04)	<u>2,004,637</u>
Adjusted FYE04 Indirect Cost	\$ 2,004,637

Recovered Indirect Cost

FYE04 Direct Salaries + Benefits	\$ 1,881,295
Approved FY04 ICRP	<u>60.79%</u>
Recovered Indirect Cost	\$ 1,143,639

Carry forward FYE04	\$ 860,998
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COUNTY OF YOLO PLANNING AND PUBLIC WORKS
Road Division
For Year Ending June 30, 2006 Actual Costs

	Direct Costs	Indirect Costs	Unallowed Costs	Total Costs
Salaries & Benefits	<u>\$1,889,143</u>	<u>\$1,235,411</u>		<u>\$3,124,554</u>
Total Salaries and Benefits	\$1,889,143	1,235,411		\$3,124,554
DIRECT COSTS	\$ 2,846,257			\$ 2,846,257
INDIRECT COSTS				
Clothing		4,451	4,200	8,651
Communications		24,853		24,853
Food		0	0	0
Household Expense		19,208	12,279	31,487
Ins.-Public Liab.		111,268		111,268
Main.-Equip		7,780	4,129	11,909
Maint.-Buildings & Imprv.		1,117	103,823	104,940
Medical, Dental & Lab Supplies		74		74
Memberships		3,197		3,197
Misc. Exp		-21		-21
Misc Exp-Credit Card Svc Chg		750		750
Office Expense		16,272	175	16,447
Office Expense-Postage		0		0
County Overhead A-87		24,386		24,386
Auditing & Fiscal Services		28,174		28,174
Data Processing Services		44,032		44,032
Legal Services		9,284	7,777	17,061
Arch, Engineering & Planning Svcs		0	0	44,397
Road Maint. & Const. Services		0	0	152,457
Professional & Specialized Srv		0	73,880	73,880
Publications & Legal Notices		95		95
Rents & Leases- Equip.		4,996	48,835	53,831
Computer Leases		0		0
Small Tools & Minor Equip.		16,240	316	16,556
Training Expense		3,398		3,398
Books & Periodicals		0		0
Road Maint. & Const. Supplies		87,988	0	705,278
Special Dept. Exp-Other		3,012	25	3,037
Spec Dept Exp-Mgmt Package		0		0
Transportation & Travel		927	6,798	7,725
Trans/Travel-Conf		0		0
Vehicle Fuel Expense		5,067		507,859
Utilities		30,559	6,545	37,104
Capital Lease Payments		0	16,864	16,864
Interest Expense-Long Term Debt			928	928
Taxes & Assessments		298	0	298
Equipment		0	160,436	160,436
Roads & Improvements		0	0	570,767
Bridges & Improvements		0	0	958,552
Subtotal	\$ 2,846,257	<u>447,405</u>	<u>447,009</u>	<u>\$ 3,740,671</u>
TOTAL BUDGET		1,682,815		<u>\$ 6,865,225</u>
TOTAL INDIRECT COSTS		<u><u>1,682,815</u></u>		

Indirect Cost Ratio = $\frac{\text{Actual Indirect Costs}}{\text{Actual Direct Labor Costs}}$

2005-06 Indirect Cost Ratio (Actual)

\$ 1,682,815 / \$ 1,889,143 = **89.08%**

COUNTY OF YOLO PLANNING AND PUBLIC WORKS
Road Division
For Year Ending June 30, 2004 Actual Costs

	Direct Costs	Indirect Costs	Unallowed Costs	Total Costs
Salaries & Benefits	<u>\$1,881,295</u>	<u>\$1,069,028</u>		<u>\$2,950,323</u>
Total Salaries and Benefits	\$1,881,295	1,069,028		\$2,950,323
DIRECT COSTS	\$ 5,759,041			\$ 5,759,041
INDIRECT COSTS				
Clothing		1556	3,900	5,456
Communications		24,969		24,969
Food		0	176	176
Household Expense		18,317	8,937	27,254
Ins.-Public Liab.		67,194		67,194
Main.-Equip		14,217	16	14,233
Maint.-Buildings & Imprv.		89,098	770	89,868
Medical, Dental & Lab Supplies		506		506
Memberships		2,966		2,966
Misc. Exp		93		93
Misc Exp-Credit Card Svc Chg		300		300
Office Expense		14,312	394	14,706
Office Expense-Postage		0		0
County Overhead A-87		491,797		491,797
Auditing & Fiscal Services		34,643		34,643
Data Processing Services		42,832		42,832
Legal Services		20,387	0	20,812
Arch, Engineering & Planning Svcs		1,325	0	487,546
Road Maint. & Const. Services		0		118,594
Professional & Specialized Srv		0	5,492	51,830
Publications & Legal Notices		237		237
Rents & Leases- Equip.		9,881	305	10,186
Computer Leases		0		0
Small Tools & Minor Equip.		22,985	269	23,254
Training Expense		5,483		5,483
Books & Periodicals		0		0
Road Maint. & Const. Supplies		39,946	0	306,841
Special Dept. Exp-Other		1,568	1,173	2,741
Spec Dept Exp-Mgmt Package		0		0
Transportation & Travel		1,341	3,930	5,271
Trans/Travel-Conf		0		0
Vehicle Fuel Expense		7,055		389,558
Utilities		22,260	6,023	28,283
Capital Lease Payments		0	15,151	15,151
Interest Exp-Long Term Debt			2,640	2,640
Taxes & Assessments		338	0	338
Equipment		0	0	0
Roads & Improvements		0	0	2,992,966
Bridges & Improvements		0	0	1,465,100
Subtotal	\$ 5,759,041	<u>935,609</u>	<u>49,176</u>	<u>\$ 6,743,825</u>
TOTAL BUDGET		2,004,637		<u>\$ 9,694,148</u>
TOTAL INDIRECT COSTS		<u>2,004,637</u>		

**Roads Division
Indirect Cost Plan**

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Department), subject to the conditions in Section II. This plan was prepared by the City and approved by the Department.

SECTION 1: Rates

<u>Rate Type</u>	<u>Effective Period</u>	<u>Rate*</u>	<u>Applicable To</u>
Final	7/01/06-6/30/07	64.15 %	All Programs

* Base: Total Direct Salaries and Wages plus fringe benefits

SECTION II: General Provisions

A. Limitations:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government or the Department; (5) Prior actual costs used in the calculation of the approved rate are contained in the grantee's Single Audit, which was prepared in accordance with OMB Circular A-133. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) This rate is based on the actual costs incurred during the period.

B. Accounting Changes:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs, which affect the amount of reimbursement resulting from the use of this Agreement, require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

C. Final Rate:

The final rate used in this Agreement is based on the actual costs for the period covered by the rate. Therefore, there is no carryforward.

D. Audit Adjustments:

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plan approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the grantee.

E. Use by Other Federal Agencies:

Authority to approve this agreement by the Department has been delegated by the Federal Highway Administration, California Division. The purpose of this approval is to permit subject local government to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT). This approval does not apply to any grants, contracts, projects, or programs for which DOT is not the cognizant Federal agency.

The approval will also be used by the Department in State-only funded projects.

F. Other:

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

G. Rate of Calculation:

FY 2006-07 Actual Indirect Costs	\$ 1,307,503
Carry Forward from FY 2004-05	-
Actual FY 2006-07 Indirect Costs	\$ 1,307,503
FY 2006-07 Actual Direct Salaries and Wages plus Fringe Benefits	\$ 2,038,308
FY 2006-07 Indirect Cost Rate	64.15 %

CERTIFICATION OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

- (1) All costs included in this proposal to establish billing or final indirect costs rates for fiscal year 2006-07 (July 1, 2006 to June 30, 2007) are allowable in accordance with the requirements of the Federal and State award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- (2) All costs included in this proposal are properly allocable to Federal and State awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government and the Department will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: YOLO COUNTY ROADS

Signature: Debra Johnson

Reviewed, Approved and Submitted by:

Name of Official: DEBRA JOHNSON

Title: BUSINESS SERVICE OFFICER

Date of Execution: 1/14/09

Signature: Keith Lane

Prepared by:

Name of Official: KEITH LANE

Title: SENIOR ACCOUNTANT

Telephone No.: 530-666-8444

INDIRECT COST RATE APPROVAL

The Department has reviewed this indirect cost plan and hereby approves the plan.

MaryAnn Campbell
Signature

Reviewed and Approved by:

MaryAnn Campbell - Smith
Name of Audit Manager

Title: Chief, External Audits

Date: 1/20/09

Phone Number: (916) 323-7105

Zilan Chen
Signature

Reviewed and Approved by:

Zilan Chen
Name of Auditor

Title: Senior Management Auditor

Date: 01/14/2009

Phone Number: (916) 323-7877

COUNTY OF YOLO PLANNING AND PUBLIC WORKS
Road Division
For Year Ending June 30, 2007 Actual Costs

	Direct Costs	Indirect Costs	Unallowed Costs	Total Costs
Salaries & Benefits	<u>\$2,038,308</u>	<u>\$936,013</u>		<u>\$2,974,321</u>
Total Salaries and Benefits	\$2,038,308	936,013		\$2,974,321
DIRECT COSTS	\$ 6,368,020			\$ 6,368,020
INDIRECT COSTS				
Clothing		1,695	4,800	6,495
Communications		25,088		25,088
Food		132	0	132
Household Expense		17,241	7,220	24,461
Ins.-Public Liab.		129,298		129,298
Main.-Equip		8,469	9,047	17,516
Maint.-Buildings & Imprv.		103,487	90,966	194,453
Medical, Dental & Lab Supplies		464		464
Memberships		3,215		3,215
Misc. Exp		0		0
Misc Exp-Credit Card Svc Chg		0		0
Office Expense		14,179	2,861	17,040
Office Expense-Postage		0		0
County Overhead A-87		(179,141)		(179,141)
Auditing & Fiscal Services		26,006		26,006
Data Processing Services		45,193		45,193
Legal Services		5,325	103,957	109,282
Arch, Engineering & Planning Svcs		126	0	47,553
Medical, Dental & Lab Services		0		340
Road Maint. & Const. Services		0		644,509
Professional & Specialized Srv		0	55,277	55,277
Publications & Legal Notices		1,544		1,544
Rents & Leases- Equip.		14,206	125,436	139,642
Computer Leases		0		0
Small Tools & Minor Equip.		56,235	1,316	57,551
Training Expense		4,158		4,158
Books & Periodicals		0		0
Road Maint. & Const. Supplies		45,841	0	997,684
Special Dept. Exp-Other		3,744		3,744
Spec Dept Exp-Mgmt Package		0		0
Transportation & Travel		1,512	6,840	8,352
Trans/Travel-Conf		0		0
Vehicle Fuel Expense		12,485		531,156
Utilities		30,689	6,025	36,714
Capital Lease Payments		0	-	0
Interest Expense-Long Term Debt		0	-	0
Right of Way		0	-	11,700
Taxes & Assessments		299	0	299
Equipment		0	69,480	69,480
Roads & Improvements		0	0	1,854,370
Bridges & Improvements		0	0	2,177,821
Culverts & Improvements		0	0	2,367
Sidewalk, Curb & Gutter		0	0	158,971
Subtotal	\$ 6,368,020	371,490	483,225	\$ 7,222,735

TOTAL INDIRECT COSTS		<u>1,307,503</u>		<u>\$ 10,197,056</u>
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Indirect Cost Ratio = $\frac{\text{Actual Indirect Costs}}{\text{Actual Direct Labor Costs}}$

2006-07 Indirect Cost Ratio (Actual)

$\$ 1,307,503 / \$ 2,038,308 = 64.15\%$